

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

H-03 PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 INT-08

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FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 2260

INFO AMEMBASSY LONDON

C O N F I D E N T I A L ACCRA 0304

E.O. 11652: GDS

TAGS: EMIN BGEN PFOR GH

SUBJ: UNION CARBIDE NEGOTIATIONS WITH GOG OVER AFRICAN
MANGANESE

REF: (A) ACCRA 262, (B) ACCRA 159 (C) STATE 004057

1. SUMMARY. IN SPITE OF AMBIGUITY OF INFORMATION AVAILABLE TO EMBASSY, WE CONTINUE TO THINK THAT GOG DOES NOT RPT NOT PLAN TO NATIONALIZE AFRICAN MANGANESE IN NEAR FUTURE. PERHAPS BOR BARGAINING RESONS OR BECAUSE OF UNCERTAINTY RE BEST COURSE OF ACTION, GOG APPEARS TO BE FOLLOWING TACTIC OF KEEP-ING OPEN POSSIBILITY OF SETTLEMENT ON ISSUE OF GOG PARTICIPA-TION WHILE CONTINUING WITH COURT CASE RE TAX ASSESSMENTS. END SUMMARY.

2. OUR SPECULATION THAT GOG DOES NOT INTEND TO NATIONALIZE AT THIS TIME IS BASED INTER ALIA ON FOLLOWING:

A. APPIAH INDICATED TO AMBASSADOR JANUARY 10 THAT REPLY TO UCC HAD BEEN MADE (WHICH WE TOLD LOCAL UCC OFFICE). APPIAH
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ALSO SAID (WHICH WE DID NOT PASS ON TO UCC OFFICE) THAT IF UCC

HAD MADE OFFER OF ABOUT 13 MILLION CEDIS, WHICH APPIAH MAINTAINED WAS AMOUNT OF UNREPATRIATED CEDIS AVAILABLE TO COMPANY, ENTIRE PROBLEM COULD HAVE BEEN SETTLED EARLIER. IMPLICATION WAS THAT GOG DID NOT REJECT ACROSS-THE-BOARD SETTLEMENT IN PRINCIPLE. THIS IMPLICATION IS CONSISTENT WITH SUBSEQUENT INDICATION BY APPIAH TO AMC ATTORNEY (REF A) THAT GOG REPLY TO PRESIDENT SNEATH IS THAT UCC OFFER SHOULD BE IMPROVED.

B. IN SAME CONVERSATION WITH APPIAH, AMBASSADOR MADE CLEAR OUR CONCERN THAT NEGOTIATIONS NOT EVOLVE IN MANNER WHICH WOULD JEOPARDIZE RANGE OF U.S./GHANA ECONOMIC RELATIONS. APPIAH CLEARLY GOT THE POINT, SINCE HE REPLIED THAT IN VIEW OF GENERAL IMPLICATIONS OF PARTICIPATION ISSUE, GOG WAS DELIBERATELY PROCEEDING WITH FULL REGARD FOR LEGALITIES OF PROBLEM.

C. VARIOUS KEY DATES--JANUARY 10 AND 15 DEADLINES FOR PART PAYMENT OF AMC TAX REASSESSMENT, CHAIRMAN'S NRC ANNIVERSARY ADDRESS ON JANUARY 13--HAVE PASSED WITHOUT ANY EVIDENT GOG ACTION OR STATEMENT FORECLOSING CONTINUATION OF NEGOTIATIONS.

3. ON ISSUE OF TAX ASSESSMENT, ON JANUARY 10 GOG FILED WITH COURT A WRITTEN RESPONSE TO DECEMBER AMC WRIT PROTESTING GOG BILL FOR PART PAYMENT. AS NOTED ABOVE, VARIOUS DEADLINES HAVE PASSED WITHOUT DECISIVE ACTION BY GOG. AMBASSADOR SAW SOLICITOR-GENERAL SANTE ON JANUARY 9, AND WHILE IT APPARENT ASANTE HAD NOT BEEN DEEPLY INTO COURT CASE, IN VIEW OF OTHER COMMITMENTS, IT ALSO SEEMED CLEAR THAT HE WAS INTERESTED IN SEEING THAT THE CASE DID NOT LEAD TO A FULL CONFRONTATION ON BASIC QUESTION OF NATIONALIZATION. THERE MAY BE ATTEMPT BY ASANTE TO SUBMERGE ISSUE IN TECHNICAL LEGAL PROCEDURES, ALTHOUGH THIS IS LARGELY SPECULATION ON OUR PART. ACCORDING TO AMC ATTORNEY QUASHIE-IDUN, GOG RESPONSE FILED WITH COURT IS VAGUE, AND HE BELIEVES IT MAY REPRESENT STOPGAP MEASURE; AMC NOW HAS OPPORTUNITY TO MAKE COUNTER-RESPONSE IN COURT. COURT ACTIONS SO FAR ON TAX ARE NOT ACCESSIBLE TO PUBLIC OR PRESS. THEORETICALLY, ENTIRE TAX PROCEEDING COULD STILL BE SCRAPPED WITHOUT EMBARRASSMENT TO GOG IF OVERALL SETTLEMENT ON ALL ISSUES REACHED BETWEEN AMC AND GOG.

4. COMMENT. IN OUR OPINION IT PREMATURE COME TO DEFINITE CON-
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CUSION RE COURSE THIS PROBLEM THE BULK OF OUR INDICATORS SUGGEST CAUTION IF NOT ALWAYS CONSISTENCY IN GOG TACTICS. THIS VIEW IS SHARED BY LOCAL UCC REPRESENTATIVE AND HIS LAWYER, BUT ALL OF US RECOGNIZE THAT THE EVIDENCE IS FAR FROM CONCLUSIVE. AS APPROPRIATE, WE HAVE REMINDED BOTH APPIAH AND ASANTE OF THE CONSEQUENCES OF NATIONALIZATION WITHOUT COMPENSATION, BUT AT SAME TIME, THE TIDE OF ECONOMIC NATIONALISM IS SUFFICIENTLY STRONG THAT ARBITRARY INTERVENTION BY THE MILITARY IN THE COURSE OF THESE

NEGOTIATIONS REMAINS A CONTINUING POSSIBILITY. EMBASSY WILL,
OF COURSE, CONTINUE TO COUNT AND REPORT THE STRAWS IN THE
WIND, WITH A VIEW TO GIVING ANY ADDITIONAL IDICATIONS OF THE
DIRECTION EVENTS MAY TAKE.
HADSEL

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